



The “Behn” of My Career

*The Saga of Performance Pay in
The Colorado State Personnel System*

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Bob Behn

- Faculty of the Harvard Business School and Duke University's Terry Sanford Institute of Public Policy.
- Faculty chair of John F. Kennedy's School Of Government's executive program, Driving Government Performance: Leadership Strategies that Produce Results.
- Specializes in governance, leadership, and the management of large public agencies
- Author of *Rethinking Democratic Accountability* (2001); *Leadership Counts: Lessons for Public Managers* (1991); *Performance Leadership: 11 Better Practices That Can Ratchet Up Performance* (2004).
- BS in physics from Worcester Polytechnic Institute and a PhD in decision and control from Harvard.
- Author of Bob Behn's Public Management Report



The Behn Prophecy

3 Problems of Implementing Performance Pay in Government

Government Reason 1: Most public sector, pay-for-performance systems have two deadly defects:

1st deadly defect of most public sector, performance pay schemes is that they significantly limit the number of people who can receive the bonus or raise.

2nd deadly defect of most government performance pay systems is that they limit the bonus or raise to \$2000 - \$1000, or just \$500.

Government Reason 2: It is impossible to guarantee that the pay-for-performance system will continue into the future.

Government Reason 3: When the watchdogs expose something as slightly off, the entire system can be wiped out.

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The Behn Prophecy

8 Principles for Improving Human and Organizational Performance

1. Offer enough base pay to attract talented, dedicated people.
2. Give people an important mission to achieve.
3. Don't create systems that automatically label lots of people as losers.
4. Find lots of mechanisms to tell people they are winners. (And don't rely on financial incentives.)
5. Reward teamwork.
6. Make it easy to terminate obnoxiously poor performers.
7. Ask line managers if your system helps them to improve performance.
8. Don't carve your new system in stone; rather, be prepared to make the inevitably necessary changes.



The Behn Prophecy **5 Reasons Why Pay for Performance** **Undermines Organizational Performance**

1. Most people think they are outstanding.
2. When people are told they are doing well, they improve their performance. When people are told they are doing poorly, their performance drops.
3. The performance of most organizations depends upon teamwork.
4. All evaluations of individual performance are subjective.
5. All systems of pay for performance have intended and unintended consequences.



The Behn Prophecy

- **Everything Behn predicted about performance pay has been experienced by Colorado State**
- **Georgia's Dilemma**
 - **Once considered the leader in PPM**
 - **Experiencing same setbacks**

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Timeline & Funding of Performance Pay In Colorado

1980-1994 — Ongoing debate to move state from seniority-based to performance-based merit system

1996 — HB 96-1262 passed requiring a 3 year phase and approach (became known as Colorado Peak Performance — CPP)

1996-2000 — National coverage and anticipation from other states

2000 — CPP repealed and replaced with SB00-211 creating the Performance Pay System

Jul-2002 — Performance Pay implemented. Anniversary performance pay increases repealed

Funding History: FY 2003 — 0.08%

FY 2004 — 0.00%

FY 2005 — 1.00%

FY 2006 — 0.00%



Current Successes of Performance Pay

- Performance evaluations
- 100% compliance from Agencies
- Investment in training is bearing fruit
- Proof of our progress is evident in this audience
- TC Strategy
- Recent JBC appropriation, if it holds, will be the 1st



Moving Forward With Determination

- Change is hard: there are still many nay Sayers
- Failure is not an option
 - Road is disappearing behind us: step or seniority-based pay will never work again
- Major shift in ideology is happening
- Created the right system
 - Something agencies can use
 - Performance planning: coaching, evaluation
 - Line of sight tied to department's mission, visions, goals